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27 JUN 1958

MEMORANDUM FOR: Deputy Comptroller

FROM : Chief, Technical Accounting Staff

SUBJECT : Reconciliation of Finance Division Cash and Other Unexpended Resources with the Sum of Unobligated Allotments and Unliquidated Obligations

REFERENCES : (a) TAS Project Assignment No. 128

(b) Memorandum to Chief, Accounts Branch, Finance Division from a Member of TAS, dated 13 November 1957, on the above subject.

1. The Accounts Branch, Finance Division, has been testing since November 1957, a procedure developed by this Staff to accomplish the subject reconciliation on a continuing basis.

2. Experience to date with the procedure indicates that it provides a practical basis for keeping Finance Division cash and other unexpended resources in balance with the related budgetary accountability accounts. The procedure simply requires that the sum of the net daily changes in the balances of a selected group of general ledger accounts (identified in the Chart and Description of Accounts, Finance Division, as "Expended" accounts) be reconciled with the net sum of transactions "expenditure coded" for the day. By applying this procedure on a daily basis and preparing adjustment vouchers to correct errors which are disclosed, cash and unexpended resources will remain in balance with the budgetary accountability accounts. The procedure has been formalized and is set forth in the form of a Comptroller Instruction which, subject to your concurrence, is to be issued effective 1 July 1958.

3. The Accounts Branch has applied the procedure retroactively to identify all differences back to 1 July 1956. Adjustment vouchers have been prepared for all errors subsequent to 1 July 1957; for the period 1 July 1956 to 30 June 1957 adjustment vouchers have been prepared for all errors of \$500 or more affecting 1957 or 1956 allotments.

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4. The result of actions taken to date is to "freeze" the unreconciled difference between the sum of cash and other unexpended resources and the sum of unobligated allotments and unliquidated obligations at an amount of \$214,148.13. This amount is comprised of the following:

Difference as of 30 June 1957	\$295,471.24
Net adjustments during fiscal year	
1958 applicable to prior years	-81,323.11
Amount of Adjustment Required	<u>214,148.13</u>

This amount represents an excess of cash and other unexpended resources over unobligated allotments and unliquidated obligations. Stated in another way, it represents the cumulative net excess to date of amounts expenditure coded over amounts recorded in what are considered "expended" accounts.

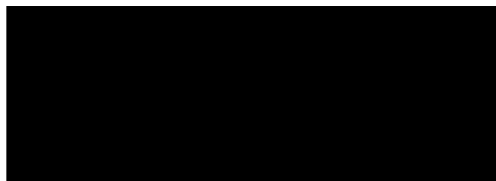
5. The present unreconciled difference has accumulated over the years and is applicable principally to 1956 and prior appropriations. In view of the fact that as of 30 June 1958 all of these appropriations will be lapsed, there seems to be little purpose in attempting to identify and correct individual differences insofar as the status of the accounts of allottees is concerned. Instead it is recommended that a single lump sum correction be made. The net ultimate effect of the correction will be to transfer the amount of the excess funds involved from current year funds to the reserve for contingencies account.

6. In order to accomplish this adjustment within the framework of normal accounting entries it is proposed that as of 30 June 1958, the Finance Division be authorized to prepare a journal voucher to both debit and credit account 600.1 for the amount involved, expenditure coding the credit with an "M" designation using allotment account No. 1400-00-000, the number once used for lapsed appropriation transactions. This adjustment would result in an increase in account 520.M sufficient to cause Finance Division unobligated allotments and unliquidated obligations to equal cash and unexpended resources. Concurrently, as a result of the quarterly adjustment of the reciprocal accounts between Fiscal and Finance, the Fiscal Division would reduce the amount of appropriated funds reflected in account 106.8 and increase the amount recorded in account 106.M. The final effect of such adjustment will be to decrease the amount of 1956 funds which would otherwise be transferred to the "M" account sometime during fiscal year 1959 to cover the increase in "M" account obligations which it is assumed will result from the inclusion therein of unliquidated obligations applicable to the 1956 appropriation; thus the amount of 1956 funds available for transfer to the reserve for contingencies will be increased by the amount of the adjustment.

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7. There is attached for your signature (1) a memorandum authorizing the entry recommended in paragraph 6 above and (2) the Comptroller Instruction mentioned in paragraph 2 above.

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Attachments:

Concurrences:

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Chief, Budget Division

June 27, 1958

Date

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Ret, **Chief, Finance Division**

June 30, 1958

Date